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## INFORMATION REPORT INFORMATION REPORT

## CENTRAL INTELLIGENCE AGENCY

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S-E-C-R-E-T

COUNTRY Hungary

REPORT

25X1

SUBJECT

Uranium Mining, shipping, accounting  
estimate of production

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a three-page report concerning uranium mining in Hungary. The report gives a brief history of uranium mining in Hungary and describes methods of shipping the ore, Soviet control over the mining and shipping of the ore, and the Hungarian method of accounting for the sums invested by the USSR in the equipment and modernization of the mines and in the construction of buildings. The report also gives an estimate of annual production of uranium ore in 1956 and 1957 and the projected production for 1958, 1959, and 1960 under the new Three-Year Plan.

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While searching for new coal veins in 1955, uranium was found in the Mecsek mountains, Hungary. After establishing the presence of uranium a 6 men group of Soviet experts were sent to Pecs with instruments and a few laboratory workers to explore whether or not the find is worth large scale exploitation.

After several months of exploratory work, during which several ~~test~~ RR car-loads of ore samples were sent to the USSR for industrial processing and testing purposes, it was established that this is an uranium field of major importance which will ~~several years offer many years~~ need many years of mining until it becomes exhausted and merits large scale exploitation with up to date equipment requiring a significant investment.

After obtaining the first few RR-car-loads of ore, Soviet authorities pressed through the highest government levels for the immediate maximal exploitation of the mines. This encountered difficulties because in that period there was a serious shortage of miners. Since uranium mining was of priority interest to the Soviets, workers were hired with twice and thrice the normal pay of miners, which in turn caused a considerable reduction of personnel at the Pecs coal mining areas, resulting in a considerable reduction of the coal mined. The same happened among construction workers because the new mines required the construction of living quarters, offices etc. on a large scale.

During one single year approx. 1200 to 1500 new ~~buildings were started~~ house-constructions were started in a forced cadence.

The mining of the uranium required unnumbrable machines and instruments which the Hungarian industry could not provide. Thus the machinery was sent ~~xxxxxxx~~ from the USSR in a great number of RR cars to the Pecs area where the equipment was accepted by the Soviet experts and allocated to the various working units.

The exploitation proceeded in both forms, surface ~~or~~ strip-mining and through the construction of shafts. Because most of the uranium veins were fairly deep under-ground, the ~~mining~~ ore is predominantly extracted through mine-shafts. Masses of Soviet mining machinery were sent to speed up the building of shafts. For strip-mining the Soviet transferred to the mining site its two largest type (lepegetoe ~~... (???)~~) excavators which ~~was~~ <sup>was</sup> than in Hungary. Many other newer machines were also sent for the same purpose and also for speeding the construction of the houses, which also required large scale earth moving. In view of the shortage of workers all the work proceeded rather slowly.

At the building constructions and also in the mines Hungarian technical experts and engineers were also employed in addition to workers. These experts were, however, entrusted only with segments of the work in order to keep them in ignorance in regard the uranium mining. For instance a Hungarian engineer might have worked for three months or so at an earthmoving project or at strip mining ~~xxxxx~~ under Soviet supervision, and then transferred to the coal mines of Tata. In this way even if the Hungarian engineers have learned that the project is connected with uranium mining, they did not have opportunity to obtain an overall picture of the operations and learn data on the uranium and its exploitation, nor could they learn much about the processes involved. Their work was well paid, but they were not permitted to take along their families, nor were they allowed to take vacations.

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Part 'A'

The exclusive uranium export to the USSR is handled within the frame-work of a special business construction by-passing all the foreign-trade organizations for export and import directly from the mines in the Pecs area to the USSR and the ~~export value of the ore~~ ores are being paid for directly by the USSR to the Hungarian Govt. Because the ~~price~~ value of the uranium was unknown to the Hungarians, the price has been set by the Russians at a considerably lower level than the world-market price. Hungary could sell the ores of course to any country theoretically and even to [ ] but the mines are not only under complete Soviet supervision, they constitute the exclusive property of the USSR. Concerning this an agreement was made at the end of 1954 and the beginning of 1955 in Moscow between ~~organizational high level~~ officials of the two countries on the highest level.

The exploitation, construction and sales-delivery by passess all the established industrial, commercial and planning organizations and all the ministeries. ~~W~~ The Ministry of Heavy Industry does possess a division which deals with the problems of the uranium mines in the Pecs area, but it deals merely with the distribution of the technical personnel, that is with the procurement of such personnel ~~in order to~~ ~~not~~ attempting but never succeeding to satisfy the ever increasing Soviet demands.

The joint Soviet-Hungarian committee in charge of the management comprises on the part of the Hungarian Government Lajos FEHER as the delegate of the CP of Hungary, Arpad KISS president of the planning office, Peter VALYI engineering expert, Vice President of the Planning office and Sandor CZOTNER, Minister of Heavy Industries. However their duties are limited to service Soviet requirements, and demands.

In regard to the quantity exported [ ] the RR-cars and ores are first weighed prior to ~~dispatch~~ shipping at the Railroad yards of the Pecs area. A second weighing takes place at Zahony. The data obtained is ~~controlled~~ compared at the receiving end by the Russians who in this way can keep tab of every Railroad car and its cargo weight dispatched from the Pecs area and assure that each should reach Soviet territory. Both weighing is Soviet controlled. Because the Soviets are not billed with the ore shipments ~~through Hungary~~ it is not known how much does Hungary receives per unit weight. The price is only known to the members of the committee listed above. 25X1

The ~~farm~~ method of accounting for the sums invested by the USSR in the equipment, modernization, and building construction is not exactly known. ~~\_\_\_\_\_~~ however ~~\_\_\_\_\_~~ the funds are versed to the above named committee ~~as taxttxformxofxxxxxxtraordinaryxxxxxxincreasexofxxxxinvestmentx fundxprovidedxfromxxxxhighestxlevelxxxxspecialxfundxxxxvariousxxxxotherxxxxcover~~ either in the form of financial aid or in the form of a long-term loan. The committee in its turn verses funds to the budget-fund of the various ministries involved under various cover designations such as extraordinary investment-fund increase obtained from the budget of a higher ~~government~~ budgetary level ~~\_\_\_\_\_~~ comment: probably meaning ~~\_\_\_\_\_~~ from the budget of an office with higher authority than the Ministry.) For instance: Because most of the expenditures appear within the frame of the Ministry of Heavy Industry, the projected sums are added in by CZOTTNER to the budget of the Ministry. Even simpler is the handling in cases where the respective ministry has no representation on the special committee. In such cases the funds are versed to the Planning Office from where disposition is made by Arpad KISS or VALYI to pay the sums to the interested Ministries or even directly to the enterprises involved, as the need arises.

the whole administration of uranium mining ops ~~is~~ under received thus far

Following are the estimates regarding to uranium production

The data is not 100% accurate.

1956 - 300,000 tons  
1957 - 380,000 tons

Projected production  
within the framework of  
the three year plan:

1958 - 450,000 tons  
1959 - 500,000 "  
1960 - 580,000 "

Rail-road cars carrying the ore have generally a ten ton capacity some of the cars however have a 15 ton ~~capacity~~ load-capacity. These latter are ~~the~~ called "GH" cars. The shipment goes directly from the Pecs area to Zahony. From Zahony the forwarding is made in two ways;

a/. Lifting the ~~the~~ RR. car ~~and~~ from the normal gauge tracks ~~and~~ and descending it ~~the~~ on wide gauge Soviet tracks on which the goods roll directly to the processing sites

b/. transferring the ore from the Hungarian ~~cars~~ via automatic dumpers into Soviet cars ~~cars~~

Through this transfer arrangements a car-cycle ~~is~~ completed in 10 to 14 days.

As mentioned before there is an attempt to compartmentalize the various works. This tendency is indicated through the fact that the housing is also compartmentalized. Outsiders visiting the living quarters have to pass rigorous security check-points prior gaining access to the housing compounds which is still quite a few kilometer distant from the actual mining sites to which further check-points need to be passed.